



MAGIC VALLEY

BLAINE, CAMAS, CASSIA, GOODING, JEROME, LINCOLN, MINIDOKA, & TWIN FALLS COUNTIES

EMPLOYMENT TRENDS

The seasonally adjusted unemployment rate for June 2004 was 4.2 percent for the Magic Valley Labor Market Area (LMA) as shown on Table 1. This was two-tenths of a percentage point higher than May 2004, and one-tenth of a percentage point higher than June 2003. However, the *Civilian Labor Force* increased by 380 from May 2004, and an amazing 5,560 from June 2003. The upward trend in the unemployment rate was normal for this time of year since students flood the market looking for summer employment. The Magic Valley LMA has a high proportion of people who work multiple jobs and students and multiple jobholders compete for the higher-paying summer jobs, and so it takes a few weeks for the work force to "settle in" to summer employment. It is expected that the unemployment rate will drop in July by two- to three-tenths of a percentage point.

Most sectors have experienced excellent growth. *Construction* has increased 38.1 percent year-over-year. This is expected to increase or at least remain stable through 2004 because there are a number of commercial construction projects that will soon be underway, such as the new Lowe's Store to be built in the Weston Plaza area at Blue Lakes Boulevard and North College Road, and the new Tuesday Morning Store in the Pole Line Road East area. There are several road projects, including work around the Blue Lakes Pole Line Road intersection, and bridge repair work on the Hansen Bridge over the Snake River Canyon about eight miles east of Twin Falls. The City of Twin Falls has been especially strong in residential construction. Previous records for new housing starts were shattered in 2002 and 2003. A strong economy, and in-migration of both retired people and workers to the area for new jobs, has pushed residential construction to record heights.

The robust economy in the Magic Valley LMA has enticed many market-driven retail and service employers to the area. The *Retail Trade*, *Professional & Business*

Magic Valley Table 1: Labor Force & Employment
Twin Falls, Jerome, and Gooding Counties

	Jun 2004*	May 2004	Jun 2003	% Change From	
				Last Month	Last Year
INDIVIDUALS BY PLACE OF RESIDENCE					
<i>Seasonally Adjusted</i>					
Civilian Labor Force	57,970	57,590	52,410	0.7	10.6
Unemployment	2,420	2,280	2,130	6.1	13.6
% of Labor Force Unemployed	4.2	4.0	4.1		
Total Employment	55,550	55,310	50,280	0.4	10.5
<i>Unadjusted</i>					
Civilian Labor Force	58,690	57,870	53,080	1.4	10.6
Unemployment	2,230	2,160	1,960	3.2	13.8
% of Labor Force Unemployed	3.8	3.7	3.7		
Total Employment	56,460	55,710	51,120	1.3	10.4
JOB BY PLACE OF WORK					
Nonfarm Payroll Jobs**	45,520	45,190	40,710	0.7	11.8
<i>Goods-Providing Industries</i>	8,050	8,090	7,020	-0.5	14.7
Natural Resources & Mining	20	20	40	0.0	-50.0
Construction	2,900	2,890	2,100	0.3	38.1
Manufacturing	5,130	5,180	4,880	-1.0	5.1
Food Manufacturing	3,690	3,670	3,060	0.5	20.6
Other Manufacturing	1,440	1,510	1,820	-4.6	-20.9
<i>Service-Providing Industries</i>	37,470	37,100	33,690	1.0	11.2
Trade, Transportation & Utilities	10,950	10,790	9,650	1.5	13.5
Wholesale Trade	1,950	1,950	1,770	0.0	10.2
Retail Trade	6,710	6,690	5,920	0.3	13.3
Utilities	270	270	220	0.0	22.7
Transportation & Warehousing	2,020	1,880	1,740	7.4	16.1
Information	510	560	530	-8.9	-3.8
Financial Activities	1,780	1,770	1,790	0.6	-0.6
Professional & Business Services	6,130	6,130	5,430	0.0	12.9
Educational & Health Services	3,900	3,830	3,240	1.8	20.4
Leisure & Hospitality	3,780	3,690	3,560	2.4	6.2
Other Services	1,500	1,520	1,500	-1.3	0.0
Government Education	4,360	4,230	3,640	3.1	19.8
Government Administration	4,560	4,580	4,350	-0.4	4.8

*Preliminary Estimate

**Full- or part-time jobs of people who worked for or received wages in the pay period including the 12th of the month

Services, and *Educational & Health Services* sectors increased by 13.3, 12.9, and 20.4 percent, respectively, year-over-year. The only sectors with significant losses year-over-year were *Natural Resources & Mining* and *Wood Products Manufacturing* with reductions of 50.0 percent and 20.9 percent, respectively.

The Magic Valley economy is definitely following the national trend toward recovery, although the western Magic Valley actually grew during recessionary times. Even the Mini-Cassia area, despite continued high unemployment is showing signs of recovery. Economic development efforts have come to fruition starting with Gossner Cheese that will employ approximately 35 workers; others companies are close to committing to move to the area. As consumer confidence is improving, retailers are growing more confident as well. In the Blaine County area tourism figures for the summer are good and employment is stable due to service sector and construction jobs. Despite high fuel prices tourism numbers are up throughout South Central

Idaho and are as high or higher than figures prior to the September 11, 2001, terrorist attacks. New retailers are moving into the Twin Falls area and the outlook there is excellent.

The major concern to the area has been—and will continue to be—water. Both irrigation reservoir reserves and ground water levels are at critical levels. The area has endured five years of extreme drought with virtually no reservoir reserves left. Six of the eight South Central Idaho counties have been declared drought disaster areas and the remaining two (Camas and Minidoka) are either preparing or submitting applications for that status. The water situation will have some effect on the 2004 crop, although overall it will be minor. Some irrigation companies will have water suspension periods running from five to seven days either in late August or early September so that adequate water will remain for late crops. It is expected that some crops will suffer in outlying areas, but so far crop quality has been good. The area also has been fortunate to have a relatively cool summer without long stretches of very high temperatures like those that occurred in the summer of 2003. Despite that the fire danger in the entire region is extremely high. Groundwater users are facing possible curtailment in using wells. Governor Dirk Kempthorne announced \$500,000 in grants to various water delivery entities to improve efficiency and conservation. It is hoped through these grants that 20,000 acre-feet of ground water can be conserved. If the winter of 2004-2005 is below average for water and snow pack, South Central Idaho, and indeed all of southern Idaho will face a serious situation next year.

AREA DEVELOPMENTS

Twin Falls County

- The Twin Falls City Council gave final approval for the construction of a Lowe's home improvement store in Twin Falls at the Weston Plaza, at the intersection of Blue Lakes Boulevard North and North College Road. A great deal of infrastructure improvements will take place including lengthening North College Road eastward and installing a traffic light. Construction will begin soon and the store should open sometime early in 2005. It will initially employ 130-170 full- and part-time workers at competitive wages and benefits for full-time workers.

Blaine, Camas, Gooding, Jerome, and Lincoln Counties

- In early August Idaho Commerce & Labor Director Roger Madsen and other dignitaries welcomed the Hilex Poly Company to Jerome. Hilex Poly, formerly known as High Density Film Products Division of Sonoco Products Co., is a \$3 billion global packaging manufacturer. The division was established in 1980 as a manufacturer of high-density polyethylene t-shirt bags. In December 2003 the entire division was sold to Hilex Poly Co., LLC, a company owned by Leon Farahnik who founded Hilex in 1979. At the announcement, the company's Chief Operating Officer

Rex Vaughn said that it was not the building, but the workforce that attracted Hilex Poly to South Central Idaho. "There are buildings everywhere, but a workforce of this class and work ethic is unique," Vaughn said. Director Madsen welcomed the company on behalf of Governor Dirk Kempthorne and spoke about the strong partnership that Idaho Commerce & Labor has with business and that Idaho "is the best place in the nation to do business." Hilex Poly will begin hiring 40-50 workers in late November and hopes to begin production in January 2005. It also plans to faze in 40-50 more workers about every six months until a total workforce of 200 is hired by late 2006. The company offers competitive wages and benefits. Hilex Poly is currently comprised of five plants located in Pennsylvania, South Carolina, Indiana, and Texas. The Jerome plant will be the company's sixth. The headquarters is located near the Hartsville, South Carolina, plant. Hilex Poly will refurbish the Moore North American Building south of Jerome and start production in January. In 2003 Moore North American closed and approximately 100 workers were displaced.

Cassia and Minidoka Counties

- Also in early August, Gossner Foods, Inc., based in Logan, Utah, became the first business to formally announce its intention to locate in the newly formed Mini-Cassia Industrial Park in Heyburn. In March 2004 the J.R. Simplot Company gifted the Heyburn Simplot Plant to the City of Burley and, in cooperation with the City of Heyburn, the Mini-Cassia Industrial Park was formed. Gossner Foods, Inc. intends to occupy a 40,000-square-foot building in the park and expand it an additional 50,000-square feet. At the announcement, Dolores Gossner Wheeler, President and CEO of Gossner Foods, indicated that it was the Mini-Cassia area's friendliness, workforce, and overall positive business environment that attracted the company to the area. She also praised the area dairy farmers and indicated that milk supply is excellent. Gossner hopes construction will be completed in October of 2005; the company will employ 35 workers initially at competitive wages and with full benefits. This announcement heralds a turnaround of the Mini-Cassia economy and, coupled with other new business openings, signals a strong economic stimulus that will help stabilize and diversify the Mini-Cassia economy. The result should be lower unemployment with less seasonal fluctuations.

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